

## **Assembly Joint Resolution No. 21**

### **RESOLUTION CHAPTER 63**

Assembly Joint Resolution No. 21—Relative to port customs revenue.

[Filed with Secretary of State June 30, 2005.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AJR 21, Karnette. Port customs revenues.

This measure would memorialize the Congress and the President of the United States to increase funding for California's ports and to enact legislation that, in recognition of the unique role served by ports in California, would ensure a return of an equitable share of the customs revenue generated by, and collected from, this state.

WHEREAS, The State of California is committed to protecting and preserving its ports, and those employed in and around the ports; and

WHEREAS, The state supports the safe and reliable transportation of goods into and through the state; and

WHEREAS, California is home to more than 12 percent of the nation's population; and

WHEREAS, The Ports of Los Angeles and Long Beach, which together transport 43 percent of the nation's trade, 1 million cruise passengers, and more than \$200,000,000,000 in trade annually, comprise the largest port complex in the United States and the Western Hemisphere; and

WHEREAS, California serves as an international commerce gateway between the nation and most of its trade partners and, according to the California Transportation Commission, California moves over \$400,000,000,000 in goods annually with a source or destination outside of California; and

WHEREAS, Forecasts predict that the amount of trade transported through the state's ports will triple by 2020 if adequate infrastructure improvements are completed; and

WHEREAS, California is the single largest trading entity in the United States, and three of the four largest volume container ports in the United States are located in California; and

WHEREAS, California ports, harbors, and businesses that depend on federal channels and breakwaters contribute more than \$40,000,000,000 per year to national economic output, 1.6 million jobs, and approximately \$21,000,000,000 annual personal income to the United States economy; and

WHEREAS, Federal grants for security upgrades mandated by the United States Department of Homeland Security amount to just over \$51,000,000, while it is estimated that these security upgrades will cost

California's three major container ports an estimated \$200,000,000 to install; and

WHEREAS, The American Association of Port Authorities has called for the federal government to provide \$400,000,000 in port security funds annually; and

WHEREAS, The United States Coast Guard has additionally estimated that it will require \$7,300,000,000 in federal funds for its own maritime security duties during the 10-year period of 2003 to 2012, inclusive; and

WHEREAS, Limited federal port security funds have fallen short of fully funding port security needs throughout the nation; and

WHEREAS, On August 25, 2004, Stephen E. Flynn, the Jeanne J. Kirkpatrick Senior Fellow for National Security Studies at the Council on Foreign Relations testified to the House Subcommittee on Coast Guard and Maritime Transportation on the risk of terrorist attacks, stating that "the risk of harm is great or greater in the maritime and surface transportation modes"; and

WHEREAS, An internal audit report produced by the United States Department of Homeland Security entitled "Review of the Port Security Grant Program" criticized the ineffectiveness of the federal port security grant program stating, in part, that the "current design of the program compromises the program's ability to direct resources toward the nation's highest priorities"; and

WHEREAS, A Public Policy Institute of California study entitled, "Federal Formula Grants and California: Homeland Security," has found that California receives only \$5 per person to distribute to first responders in the state, while other states, such as Wyoming, received more than \$38 per capita in 2004; and

WHEREAS, California received only \$23.71 per capita in Homeland Security grant funding during fiscal years 2002-03 and 2003-04, ranking 44th in the nation; and

WHEREAS, Federal port security grants cannot be used for maintenance and operations expenditures related to security, thereby complicating emergency communications and operations duties expected of first responders; and

WHEREAS, A number of ports are located on state tidelands and, therefore, must act as stewards of the land and manage those lands in a manner that benefits all Californians; and

WHEREAS, A shut down of the ports can result in an estimated loss to the national economy of more than \$1,000,000,000 per day, as demonstrated during the shutdown of the west coast ports in 2002; and

WHEREAS, California ports are responsible for \$8,000,000,000 of the \$20,000,000,000 that the United States Customs Service collects annually in fees and duties, and none of that revenue is reinvested in the state's or country's system for moving goods because customs fees are deposited into the General Fund; now, therefore, be it

*Resolved, by the Assembly and the Senate of the State of California, jointly, That the Legislature of the State of California respectfully*

memorializes the President and the Congress of the United States to increase federal funding for California's ports for infrastructure and security improvements; and be it further

*Resolved*, That legislation be enacted, in recognition of the unique role served by ports in California, to ensure a return of an equitable share of the customs revenues generated by, and collected from, this state; and be it further

*Resolved*, That the Legislature supports efforts by California's congressional and senate representatives to obtain an equitable share of federal port security and goods movement infrastructure funding and encourages those representatives to support measures that will guarantee that California has the funds necessary to secure and facilitate commercial activity at its many ports; and be it further

*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Majority Leader of the Senate, to each Senator and Representative from California in the Congress of the United States, and to the Director of the Department of Homeland Security.